BUDGET ESTIMATES FOR 2005-06
(English Version)

Honourable Speaker,

1. I rise to present the budget for the year 2005-06.

2. It is an honour for me to present my seventh budget to the people of Karnataka. I thank the people of Karnataka for giving me this rare opportunity to serve them.

3. The recent Tsunami disaster has shown how small human beings are before the forces of nature. It is a matter of pride for all of us that our country has faced this disaster and has handled the consequent relief work on its own strength. I salute all those who have responded with affection and humanity and joined hands with us in the rehabilitation effort.

4. The circumstances under which our coalition Government came to power in Karnataka is known to you all. The Common Minimum Programme (CMP) reflected our programme of action for serving millions of farmers & agricultural labourers, scheduled castes and scheduled tribes, backward classes, women and children and workers from both the organised and unorganised sectors. The programmes that we put in place towards ensuring justice to the socially and economically weaker sections of the society have been successfully implemented over the last nine months. I would like to mention some of the important achievements of our Coalition Government.

- Communal harmony has been the pride of our Coalition Government. The celebration of Datta Jayanthi in Chikkamagalore in a peaceful manner bears testimony to this.
- On-line lottery, which was a curse on the people of Karnataka, has been banned.
- We have addressed the problem of drinking water satisfactorily.
- Increased allocations to programmes aimed at universalisation of primary education like *Akshara Dasoha*, *Vidya Vikas* and *Sarva Shikshana Abhiyan* have led to significant outcomes.

- We have reduced the interest rate on agricultural loans from cooperative banks to 6%.
- We have settled the crop insurance claims of farmers.
- We have provided quality power to rural areas.
- We have implemented Weaver's package for the benefit of weavers.
- We have distributed food grains at concessional rate of Rs 3 per Kg to the poor.
- With all the above, we have achieved fiscal stability and consolidation.

5. We have many more achievements to our credit. Our concern towards farmers, rural poor and weaker sections of the society is reflected in every step of ours. However, there is much more to be achieved. I am sure that we are on the right path and therefore we will continue to strive to achieve the goals we set for ourselves in the CMP.

State of the economy:

6. The current year was the year of economic recovery for our State. The State witnessed a growth of 11.7% in 2004-05 over 2003-04. This is the highest growth achieved in recent years. With inflation at 3.9%, the real growth rate for the current year has been estimated to be at 7.8%. This is a substantial improvement when compared to the real growth rates achieved during 2001-02, 2002-03 and 2003-04, which were at 2.5%, 5.3% and 6.2% respectively.

7. The biggest contribution to this recovery has been from agriculture and allied sectors. After witnessing growth rates of (–) 14.5%, 0.8% and (–) 1.8% in 2001-02, 2002-03 and 2003-04, the sector grew at 11.2% in the current year. Within primary sector, the growth in agriculture is estimated to be 13.0%. The growth rates of secondary and tertiary sectors at current prices are estimated to be 11.3% and 12% respectively.

8. The share of primary, secondary and tertiary sector in the economy during 2004-05 has been 18.7%, 28.3% and 53% respectively.

Within the secondary sector, the manufacturing sector has grown at 13.5%. Within the tertiary sector, IT, BT and BPO sectors have been the most important growth engines and are estimated to have grown at an impressive rate of 22.5% over the last year.

9. In this background our outlook for the future can justifiably be optimistic. However, an element of caution is very essential. If the State is to achieve an overall growth rate of 8%, growth in the primary sector needs to be sustained. We cannot afford our policy to lose its rural focus. The State has to continuously invest in basic infrastructure.

Union Budget and the State

10. Union Budget has evoked mixed feelings in me. The increased allocations in the Union Budget for rural employment and health programmes will certainly benefit rural poor. The vision of "Bharat Nirman" will hopefully bring visible changes in rural areas. Primary education system will improve with increased allocations to programmes like Sarva Shiksha Abhiyan and Mid-Day meal scheme. I am happy to note that our premier educational institute. The Indian Institute of Science will be upgraded as a world-class university and that Rs 100 crore have been provided for this purpose in the Union Budget.

11. Some of our concerns, however, remain inadequately addressed in the Union Budget. For instance, irrespective of our party affiliations, we have been requesting the Government of India to provide a special status to the 'Hyderabad-Karnataka' region. This problem has not been addressed at all. Secondly, we have been urging Government of India to provide 100% financial support as grant to the social sector programmes in the area of education, health and social welfare. However, all the programmes of Government of India continue to come with a built in obligation to be met by the state government.

12. The State is ready to shift over to the VAT regime. This will be a new experience to the State. Manufacturers and traders will get relief with the shift to the VAT regime. However, the shift will lead to decrease in the revenue for the State in the transition period. I welcome the support being extended by the Government of India to compensate the revenue loss on account of introduction of VAT. However, our request regarding empowering states to levy Service Tax and our suggestion to raise the limit of professional tax has not been considered as yet.

Twelfth Finance Commission

13. From the recently released report of the Twelfth Finance Commission, I find that the entitlement of Karnataka for devolution from the Divisible Pool has been reduced. The commission has awarded special assistance to certain revenue deficit states. As the performance of Karnataka is above the national average in the areas of education and health, we are not getting any assistance for these sectors. The Twelfth Finance Commission, however, has recommended grants for road infrastructure development, building maintenance, heritage protection, forest conservation and more grants for rural and urban local bodies. On account of our compliance to Fiscal Responsibility Act, we will get the benefit of restructuring of central loans. The detailed guidelines are yet to be received from Government of India.

State finances:

14. Finance is the blood of administration. Financial health determines the extent to which the state can support its policies. Karnataka is on the path of fiscal reform. After a long period of eight years, a revenue surplus budget was presented for the year 2004-05 in which we had put in place a fiscal policy aimed at achieving **rapid economic growth with equity**. We had adopted programmes for achieving significant increase in tax and non-tax resources. We had planned to ensure visible and sustained reduction in non-development expenditure and to enhance allocation for developmental activities. It was our objective to enforce efficient subsidy management across all sectors and to improve productivity of public expenditure. We had planned to strengthen institutional mechanisms against corruption to prevent leakages in revenue collection as well as in programme implementation. All these objectives, we had resolved to achieve within the limits of Fiscal Responsibility Act.

15. I would like to report to this august house that we have achieved a significant increase in tax and non-tax resource mobilisation through rationalization of the tax structure. **The growth rate achieved in**

commercial tax by us is the highest in the country. On the excise side, through simplification of procedures, reduction in duties and plugging of loopholes, the revenues have been improved. Similarly, higher revenues have been realized from stamp duty and registration charges. **As against the budget estimate for tax revenue of Rs. 14,957, crore the anticipated collections by March 2005 is Rs. 15,747 crore.**

16. Swapping high cost loans and right sizing of government have brought down our non-development costs. We are following a Medium Term Framework in order to ensure smooth implementation of the reform process. For the first time in the last several years a revenue surplus budget was presented and is being protected. For the first time in the last several years the budgetary targets in resource mobilization would be achieved. For the first time in the last several years the plan was not subjected to cuts. Therefore, I feel proud to present this budget in the backdrop of these first time achievements.

17. One of the key elements of our fiscal policy was to enhance allocation on development expenditure on key social sectors. We must step up investments in economic and social infrastructure and in human resources. On the expenditure side, poorly targeted subsidies, imprudent investments in non-performing assets and burgeoning establishment costs are to be reduced. In 2002-03 the non-development cost, which includes salaries, pensions and interest payments accounted for 62% of the total revenue receipts of the state. In 2004-05, this ratio has been brought down to 45%. Thus it was possible to protect the budgetary allocations to primary education, health, agriculture and rural development.

18. I firmly believe that there can be equality only among equals. In a society, which suffers from income disparities and social inequalities. It is the poor who suffer from withdrawal of subsidies. The under privileged section of our population need Government support. It is our desire that the poorest man is the recipient of benefit of our governance. In this context, the lines "Where the mind is without fear and the head

is held high... Into that heaven of freedom, my Father, let my country awake" of Sri Ravindranath Tagore come to my mind. Creating such a society has been my dream. Therefore, I have no hesitation in stating that subsidies are needed to create a classless and casteless society. However, it is undisputed that the subsidies must reach those who deserve.

19. Improving productivity of public expenditure is another important issue. In the last nine months, public expenditure on irrigation, roads, health, primary education and drinking water has increased. In order to improve the quality of expenditure on roads, a road information system has been established. Various initiatives by Government have resulted in improved enrolment in Primary Schools. Similar achievements need to be made in all sectors.

20. Sir, on the issue of Fiscal responsibility, I am happy to inform the House that Karnataka has come out of fiscal stress. With the goal of revenue surplus having been achieved, the state is no longer borrowing to meet its revenue expenditure. The Karnataka Fiscal Responsibility Act sets the target of limiting fiscal deficit to 3% of Gross State Domestic Product. It further mandates that the revenue deficit is to be eliminated by 2005-06. I am happy to state **that these targets have been achieved in 2004-05 itself. I am proud to inform that we have received a Fiscal Incentive Grant of Rs. 185 crore from Government of India for this achievement**. Because of these efforts, the state is now in a position to enhance public expenditure in economic and social infrastructure and in human development.

21. If we have to continue with these achievements, three cannons of budgetary integrity need to be adhered to. Firstly, nothing should go into the budget without strict scrutiny; secondly, whatever has been provided in the budget should be made as simple as possible to implement; and thirdly, whatever has not been provided in the budget should not be taken up for implementation.

22. With this framework in mind, a Fiscal Policy and Analysis Cell will be set up with three fold objectives. First pertains to tax analysis

and revenue forecasting. The second objective would be in the area of expenditure review, project appraisal and budgetary reforms. The third objective would be in the area of prudent management of debt, contingent liabilities and investments of the Government.

Debt Management:

23. In so for as debt stock is concerned the position of Karnataka is comfortable as per the parameters prescribed by the Planning Commission of India. The six parameters to define the debt comfort of a State are firstly, the Debt Stock should be below 30% of the GSDP; secondly, debt should be below 300% of the Total Revenue Receipts (TRR); thirdly, the interest payment should be less than 18% as a ratio of TRR; fourthly, the debt growth should not be more than 1.25 times the growth in revenues; fifthly, the revenue component of the fiscal deficit should not be more than half and sixthly, the fiscal deficit should not be more than 25% of the TRR. Karnataka was debt stressed in terms of all the criteria in earlier years.

24. On the above criteria, it is gratifying to note that by the end of 2004-05 Karnataka has emerged out of debt stress. Debt to GSDP ratio is about 31%. Debt to TRR ratio is 189%. Interest payments are at 14% of TRR. The ratio of debt growth to revenue growth is 0.8. Revenue deficit has been eliminated and fiscal deficit as a proportion of TRR is 16%. This strength has enabled the State to borrow from financial institutions at competitive terms and conditions. It needs to be noted that imprudent borrowing can lead to recurrence of fiscal stress. **We need to borrow on the basis of affordability and not on the basis of availability.**

25. Apart from eliminating the revenue deficit and limiting fiscal deficit to 3% of GSDP, in 2005-06 we have to strive to achieve another fiscal performance milestone in the path of fiscal correction. The Consolidated Revenue Deficit must be eliminated. The BE of revenue surplus in 2004-05 was 0.05% of GSDP and in 2005-06 it must be 0.52%. Only such surpluses on the revenue side can ensure payment of

interest of Rs. 791 crore towards off budget borrowings from the states own revenues.

Development Strategy:

26. Rapid economic development in itself does not necessarily mean better life for the poor. Vulnerable people will be exploited by market forces if left unregulated. Our development goal is to facilitate the economically and socially weaker sections of the society to live with dignity and to improve the income of agrarian and downtrodden population of Karnataka. Within the above parameters I have formulated Karnataka budget for the year 2005-06.

27. Our priorities remain unchanged even in 2005-06. We would like to ensure that more and more resources must flow to address the needs of rural population, poorer sections and socially and economically weaker sections of the society. In line with development philosophy, higher allocations are made to agriculture, rural development, irrigation, health and family welfare and welfare of weaker sections.

Agriculture & Irrigation

"Belagaga naneddu yarayara neneyeli
yellu jeerige beleyola.
Yellu Jeerige beleyole Bhumitayi
Nanondu galige nenedenu"

28. Agriculture continues to be high on our agenda. Agriculture contributes to only 18.7 % to the GSDP but it has to support nearly 70 % of our population, this being the prime reason for poverty. In the whole country agriculture is today at crossroads. Capital formation in the sector is coming down year to year. The pre budget Economic Survey published by the Government of India has brought out this aspect. In more than 70% of our cultivable area, dry land agriculture is practiced. Our farmer suffers from both production as well as price fluctuations. A mid-season spell of bad weather could spoil the prospects of a good yield and even with a very good crop output the farmer may suffer from price crash.

29. After a record production of 106 lakh tonnes of food grains during 2000-01, the state went through a prolonged period of drought during the period 2001-04. Although this year started in a promising way, several tracts did not receive adequate rainfall in the subsequent months. Though excellent crops of maize, ragi, paddy and cotton have been harvested, some other crops like jowar and sunflower have been affected by drought.

30. Another problem with our agriculture is that increased productivity does not always lead to increase in the income of farmers. Food grains are demand inelastic and suffer from fall in price in bountiful years. Good production of maize and Tur in 2004-05 years, for instance, did not bring cheers to the lives of farmers who grew it because the market responded through a price crash. As a result, Government had to step in and has procured 38,000 tonnes of maize and 21,000 quintals of tur. The market intervention has helped our farmers. On the basis of our experience with the operation of the Revolving Fund, I propose to increase the State's contribution to the Revolving Fund by Rs. 40 crore. With this, our total contribution would be Rs. 200 crore. We have requested Government of India to provide Rs. 200 crore as matching Contribution to the Revolving Fund.

31. Experience of the recent drought years reinforce the view that a four-pronged approach is required to protect the farmers from the onslaught of recurring droughts. Firstly, **Irrigation is the most important drought proofing measure. The plan outlay for Irrigation Sector has been increased from Rs. 3024 crore in 2004-05 to Rs. 3942 crores in 2005-06.** We have planned to take up projects that have been languishing for a number of years like Karanja, Amarja and other projects. Further, maintenance and modernization of Bhadra and Tungabhadra project would also be taken up. For these, an amount of Rs. 200 crore has been provided.

32. We are giving emphasis for Minor Irrigation sector also. The World Bank and NABARD aided tank irrigation projects are being implemented in Karnataka. **While the budgetary allocation to Minor**

Irrigation in 2004-05 was Rs. 287 crore in 2005-06, I have provided Rs. 441 crore.

33. The second strategy to fight drought is to take up **watershed development programme** in a more aggressive manner. Even with our best efforts to provide flow irrigation, more than 70% of our cultivated area cannot be irrigated. The answer to such dry lands lies in the adoption of Watershed Development practices. *In Situ* moisture conservation activities under watershed development help to conserve water and prevent soil erosion. The State Government will not only continue all on-going watershed programmes, but will also endeavour to bring in more area under watershed development through assistance from NABARD.

34. Adopting Crop diversification is the third option available for farmers of Karnataka to protect themselves from drought and market failures. Horticulture is practiced in about 15% of cultivable land but accounts for 40% income from agriculture. Over the past several years, allocations to Horticulture sector have suffered. Hence, apart from continuing to implement all the ongoing horticultural programmes with renewed vigour, I propose to provide Rs. 5 crore for adoption of Israeli Technology in about 5000 acres of horticulture plantation. 10 most backward taluks will be selected for implementing this programme and 500 acres in each of the taluk will be utilized for demonstration of technologies like drip irrigation, fertigation, rain water harvesting and inter cropping. In addition, with the objective of encouraging farmers to bring in more area under drip irrigation, I propose to provide Rs. 6 crore in 2005-06. In Kolar and Bijapur districts, the drip irrigation scheme is being implemented with 100% subsidy. This will be continued. In other districts the subsidy is limited to 50%.

35. The Union Government, in its budget for 2005-06, has announced the setting up of "National Horticultural Mission". Details and guidelines of the scheme to be implemented under this scheme are yet to be received. I welcome the new initiative and assure that whatever matching contribution is required to be made by the State Government will be

provided to utilize the funds available under "National Horticultural Mission".

36. **Crop insurance** is a good mechanism available to protect the farmers from the vagaries of drought. We have taken steps to popularise this scheme among farmers. The Government has provided Rs. 236 Crore in 2004-05. **A provision of Rs. 200 crore has been made in the budget 2005-06 to meet the State Government share towards crop insurance for subsequent seasons.** We are taking steps to introduce crop insurance at the Panchayat level in coming years. This will help our farmers.

37. Farmer needs good and cheap agricultural inputs. Relatively, seed is the cheapest input in agriculture. In 2004-05 we have supplied good quality seeds. **In 2005-06. I have set apart Rs. 32.34 crore for distribution of quality seeds.**

38. New agricultural technology is required to enable our farmers to face international competition as well as to save them from recurrent droughts. Crop diversification activities must be supported with research background. The losses arising out of mite attack on coconut or wooly aphid attack on sugarcane indicates the need to give additional support to agricultural research. A committee which reviewed the research programmes of our Agricultural Universities has made recommendations regarding increasing the funds available for agricultural research. **I propose to increase the allocation to Agricultural Research from Rs.17 crore in 2004-05 to Rs. 27 crores in 2005-06.**

39. Timely **agricultural credit** helps a farmer to use good quality inputs in agriculture. The layered credit of the cooperative structure is very costly. Credit from Commercial banks is at 8% upto Rs. 50,000 only. Above this amount, the interest rate is as high as 10%. Coupled with this, the compulsory deduction towards crop insurance premium has made the agriculture credit very costly. With the objective of reducing the interest burden on agricultural loans availed by agriculturists from cooperatives to 6%, our government had provided **interest subsidy.**

This scheme will be continued in 2005-06 and an amount of Rs. 80 crore has been earmarked for this purpose.

40. In addition, the farmers have suffered on account of consecutive droughts during 2001-2004. I propose to **waive off the interest and penal interest accumulated upto 31st March 2005 on short term, medium term and long term cooperative loans availed by the farmers from Cooperative banks upto 31st March 2004**. This scheme will cover the coffee growers also. In order to gain the benefit of this scheme, all farmers and coffee growers have to credit the principal within June 2005. This is a one-time and final relief measure. **For these purposes. I set apart Rs 450 crore during 2005-06.**

41. Further, while availing agricultural loans, farmers are paying 1% of the loan amount as registration charges. This is an additional financial burden on the farmer. **I propose to exempt all farmers from payment of registration charges while availing agricultural loans.**

42. Yashaswini, the health insurance scheme for members of cooperatives, has come as a *"Dhanwantari"* to our farmers. A total of eighty thousand farmers have benefited from the scheme. In view of the above it is proposed to continue implementation of Yashaswini scheme with modifications. For this purpose, I would like to set apart Rs. 5 crore for the year 2005-06.

43. Hon'ble members are aware that we are entering the Centenary year of Cooperative Movement. The first co-operative society in the country was established in Kanaginahal village in Dharwad district in 1905 by Late Sri. Siddanagowda Sanna Ramanagowda Patil. This event will have to be celebrated in a befitting manner. I propose that Kanaginahal village be developed as a model village. In addition, a Cooperative Training Institute will be opened at Dharwad in the memory of Late Sri. K. H. Patil, in recognition of his service to Cooperative Movement in the State. For these purposes I earmark Rs. 1 crore.

Animal Husbandry & Fisheries

44. Cattle that form an integral part of agrarian life are prone to a number of diseases. In order to take care of the animals, government veterinary hospitals and dispensaries must have adequate supply of drugs. For this purpose I propose to increase the allocation to Rs. 10 crore. Foot and Mouth disease of cattle is still a major disease. In order to save the cattle from this dreaded disease, I propose to supply the vaccine free of cost in all government veterinary dispensaries. For this purpose I set apart Rs. 2.25 crore during 2005-06.

45. As per the recommendation of the High Power Committee on Regional Imbalances, we are opening 69 veterinary centres in 39 most backward Taluks.

46. Sheep raring is a very important activity pursued by poorest sections of the society. The sheep and shepherds of Karnataka are frequently exposed to unforeseen causalities resulting in severe losses. In order to protect the interests of this community, I propose to introduce an insurance scheme called **"Karnataka Janashree Vima Yojana"** under which the sheep and shepherds who are solely dependent on sheep husbandry are proposed to be covered under insurance. **The scheme will be implemented over a period of three years and I propose to set apart Rs 5 crore.**

47. As of now mechanised fishing boats are being supplied with 50,000 KL sales tax exempted diesel to make the fishing activity viable and this programme will be continued with an enhanced exemption limit of 55,000 KL in the coming year also.

Sericulture

48. Sericulture is a very important activity in Karnataka. About 3 lakh farming families are directly depending on production of silk cocoons for their livelihood. In addition 65,000 families depend on downstream employment opportunities in the area of reeling, twisting, colouring, weaving, printing and marketing. In order to give a boost to sericulture I propose to set apart Rs. 25.25 crore for implementing Catalytic programme, a Central Scheme on sericulture. The state share is

Rs. 10.25 crore. With the objective of encouraging quality egg production in sericulture grainages I propose to provide Rs. 7.50 crore. Our farmers who come to sericulture market yards need facilities and therefore, infrastructural facilities would be improved and upgraded in major regulated cocoon market yards at Ramanagaram, Sidlaghatta, Vijayapura, Kanakapura and Kollegala.

Health & family Welfare:

49. Diseases choose their victims. Good quality drinking water, nutrition, housing & sanitation contribute to improvement of health. It is for this reason our government has laid a lot of stress on providing additional allocation to drinking water, housing and nutrition. These apart, timely and appropriately targeted public health interventions can reduce the morbidity and mortality in the population. Government support to public health intervention is most essential and appropriate as the services are in the nature of public good. **I would like to increase the allocation to health sector by 18% over and above the allocations for the year 2004-05.** But, we need to take steps for improving the technical & allocative efficiency of the public health systems.

50. Our government proposes to provide advanced CT scan equipment to District hospitals so as to provide the facility of sophisticated equipment to poorer sections of the society and for this purpose I set apart Rs. 8 crore. Health outcomes are not uniform throughout the state. While the burden of diseases has significantly reduced in districts like Bangalore and Mysore, the districts of Raichur, Koppal, Gulbarga, Chamarajanagar, continue to suffer from limited availability of health infrastructure. The High Power Committee on Regional Imbalance headed by Dr. D.M. Nanjundappa has brought out these differentials. There is a need to upgrade Primary Health Centers into Community Health Centers in these areas. Also, we will take steps to upgrade the district hospitals at Chamarajanagar, Gulbarga, Haveri and Koppal. For these purposes I propose to earmark Rs. 23 crore during 2005-06.

51. It is proposed to provide health insurance to 2.5 lakh SC/ST families under the Universal Insurance Scheme of Government of India. Under this scheme hospitalisation expenses up to Rs. 30,000 will be provided. The premium payable by the beneficiary is Rs.248 per family per annum and Government will pay Rs.200 out of this. Sthree Shakti SC/ST women will be insured under this scheme. I propose to set apart Rs.5 crore for this purpose in 2005-06.

52. It is proposed to provide one ambulance, to each district hospital, to be managed by reputed NGOs for providing transportation service for accident victims. I earmark Rs. 2 crore for this purpose.

53. It is proposed to provide round the clock services of nurses to PHCs in backward talukas in order to improve institutional delivery and thereby reduce MMR and IMR and also to provide immunization services.

54. Telemedicine project is implemented jointly between Health Department and ISRO. This facility is working in 13 district hospitals. This will be extended to the other districts. I propose to provide Rs. 1.5 Crore for this purpose.

55. Medical education policy has come under close scrutiny of late. The fee structure of private medical colleges is so exorbitant that it is very difficult for merited students of poor and middle class parents to pay the fees. **In order to help the merited students of Karnataka our government has decided to open six new medical colleges at Hassan, Mandya, Raichur, Shimogga, Bidar, and Belgaum.** In order to facilitate these colleges to be self-sustaining it is proposed to allocate certain number of seats in these new colleges to Non Resident Indians. **For this purpose, Rs. 30 crore has been provided in 2005-06.**

56. The autonomous institutions like Kidwai Institute of Medical Sciences, Jayadeva Institute of Cardiology, Indira Gandhi Institute of Child Health are providing tertiary health care to poor patients. **I propose to increase allocations to autonomous institutions from**

Rs.57.67 crore in 2004-05 to Rs. 76.08 crore in 2005-06.

57. This is the centenary year of Bangalore Medical College. In order to commemorate this event it is proposed to construct a Casualty Block at Victoria Hospital, which provides clinical facility to BMC.

58. HIV-AIDS, the dreaded disease, is fast spreading in Karnataka. The epidemic, which was restricted to high-risk population, has now spread to general population. Innocent housewives and children have become victims of HIV. In order to check further spread of this disease I propose to open voluntary counselling in twenty high prevalent Taluks of Karnataka.

Education:

59. Education is the key to our development. We have initiated a number of steps to consolidate the primary education system. We would like to provide for a quantum jump in the allocation of resources to education sector. **Allocation to Education in 2005-06 is Rs. 4800 crore against an allocation of Rs. 4300 crore in 2004-05. Thus the allocation to education sector has increased by 11%.**

60. We have taken steps to ensure that children would get their uniform and books by the time schools open in the next academic year.

61. In order to ensure quality in primary schools, it is decided to establish the "Karnataka School Quality Assessment Organization". For this purpose I set apart Rs. 3 crore.

62. 114 new high schools will be opened in most backward Taluks identified by Dr. D.M. Nanjundappa Committee.

63. As a part of Kuvempu Centenary Celebrations government had decided to open Kuvempu Kannada Model schools. For this purpose I allocate Rs. 10 crore.

64. The Akshara Dasoha is in operation with 39,000 cooking centers. It is proposed to construct kitchens in 17,000 cooking centres, which do not have kitchen buildings. For this purpose I allocate Rs. 30 crore.

65. Enrolment in Pre-university Education is also increasing because of more students passing out of class 10th every year. There is inadequate space in the existing Pre University Colleges. I propose to take up construction of classrooms in existing Government Pre University Colleges under RIDF at a cost of Rs. 10 crore during 2005-06.

66. I propose to open new degree Colleges at Bijapur and Mysore. The new college at Mysore will be for Women only. I set apart Rs. 2.6 Crore for this purpose.

67. This year we lost Dr. H. Narasimhiah, an eminent Gandhian, Rationalist and Educationist. His life was an open book. In the memory of Dr. H. Narasimhiah, we propose to construct Dr. H. Narasimhiah memorial auditorium at Gowribidanur.

Food distribution

68. Ensuring food security for poor and the underprivileged is a priority for our Government. With the objective of insulating the poor and the underprivileged we have already introduced the scheme of providing subsidised rice and wheat at Rs. 3 per Kg. **I propose to continue this scheme and provide Rs. 500 crore towards the subsidy.** In addition, steps will be taken to modernise the food distribution system by supporting computerization activities of the Department of Food and Civil Supplies.

Rural Development:

69. The elections to the Gram Panchayat are over and new Panchayat Members have begun their work with great enthusiasm. One hundred and seventy Schemes which were hitherto implemented in the state sector are transferred to the district sector. The size of the district sector outlay has increased from 960 crore to 2500 crore. The responsibility of Panchayat bodies in the self-governing system has increased. Additional allocations are provided to impart proper training to the new Panchayat members to effectively discharge their duties.

70. In 2004-05 we had provided Rs 100.55 crores for drinking water schemes. **In view of importance of drinking water**

requirement the allocation has been increased to Rs. 132.11 crores.

71. Adequate focus needs to be given to Rural Sanitation. The Government has been implementing the Swacha Grama, scheme for the integrated development of infrastructure in rural areas. **We are implementing Swacha Grama Yojane on the principles of "Panchasutra". I propose to earmark Rs. 20 crore for this purpose in 2005-06.**

72. I also propose to initiate a new programme, Kugrama-Sugrama for integrated development targeted towards most backward villages in the State. I propose to allocate Rs. 20 Crore for this purpose.

73. For maintenance of rural roads, under the Mukhyamantri Raste Abhivruddhi Nidhi, I propose to allocate Rs. 80 Crore. The allocation of this amount to various districts shall be done based on an index developed on the basis of the recommendation of the High Power Committee on Regional Imbalances.

74. The Beetle leaf gardens of Mysore or the vegetable gardens of Kolar have proved that it is possible to generate income by cultivating garden crops in small plots. **We would like to encourage landless agricultural labourers to take up cultivation of garden crops under a new scheme called "Namma Hola - Namma Tota" and I allocate Rs. 20 crore for this scheme.**

Area development activities

75. The Government has constituted Hyderabad Karnataka Development Board, Malnad Development Board, Border Development Board and Maidan Development Board, for the development of the area covered by the respective boards. But, the flow of funds has drastically reduced over the last several years. I propose to increase the allocation to these boards and provide Rs. 60 crore to Hyderabad Karnataka Development Board, Rs. 20 crore to Malnad Development Board and Rs. 9 crore to Maidan Development Board and Rs 5 crore to Border Area Development Board. **The overall**

allocation to Area Development boards has gone up from Rs. 42.5 crore in 2004-05 to Rs. 94 in 2005-06.

76. Hon'ble Legislators had urged to provide funds for development works in their constituency. **I propose to provide Rs. 50 lakh to undertake development works in the constituency of each member of the Karnataka Legislature.** Guidelines relating to utilization of this fund for asset creation will be issued. **I propose to earmark Rs.150 crore for this purpose.**

Welfare of the Weaker Sections

Social Welfare

77. The allocation to Social welfare in 2004-05 was Rs. 628 crores that has been increased to Rs. 815 crores in 2005-06. This accounts for a rise by 30%.

78. In 2005-06 it is proposed to provide Rs. 98 crore by upfront pooling of Special Component Plan and Tribal Sub-Plan. This amount will be primarily used for Gangakalyana, Education and Housing programmes.

79. Gangakalyana and Land Purchase Scheme are the most beneficial schemes to the small farmers as they can improve land use and increase the income levels. **I propose to increase the allocation substantially from Rs.30 crores in 2004-05 to Rs. 67 crores in 2005-06.**

80. Under the Post-Matric scholarship scheme for SCs and STs, the Government of India supplements the efforts of the State Government. In order to meet the increasing demand for assistance to more students from SCs and STs, **I am enhancing the total State support from Rs. 23 Crore to Rs. 32 Crore.**

81. The Government Flying Training School has launched an innovative project in association with Social Welfare department for giving flying training and to train up the SC/ST candidates sponsored by them. Initially, about Ten SC/ST candidates would be trained and in the subsequent years, the number of trainees is likely to be increased.

Backward Classes

82. At present, a scheme for funding students from Scheduled Castes and Scheduled Tribes to pursue studies abroad exists. I propose to extend this to the Backward Classes also.

83. Karnataka Backward Classes Development and Construction Society has constructed 100 hostels with financial assistance from HUDCO. For continuing this activity, an amount of Rs. 20 crore is provided and 60 hostels will be constructed. For Construction of residential schools an amount of Rs. 15 crore is provided to Karnataka Residential Educational Institutions Society.

84. I propose to continue Shram Shakti scheme aimed at skill upgradation, harnessing the entrepreneurial abilities and promotion of self-employment among the Backward Classes in the coming year.

Minorities

85. Under the welfare programme for Minorities, the allocation for construction of Shadi Mahals has been enhanced from Rs. 1.20 crore in 2004-05 to Rs. 3.25 Crore in 2005-06.

86. I propose to open 13 new residential schools to students from minority community so that there would be at least one residential school in every district.

87. An amount of Rs. 4.2 crores is proposed to be allocated to Wakf institutions. Rs. 1.20 crore is provided to Wakf Board for maintenance. Rs. 1 crore is provided for conducting survey of Wakf properties. Grant of Rs. 2 crore is provided to Wakf council.

88. Further, for the activities undertaken by the Karnataka. Minorities Development Corporation, I would like to enhance the allocation and earmark Rs. 14 Crore during 2005-06. With this amount Gangakalyana scheme and other income generating schemes can be implemented.

89. To provide a good education to the weaker sections, I propose to open 43 residential schools among which ten will be for the Scheduled Castes, ten for Scheduled Tribes, ten for Backward Classes and thirteen for the Minorities.

90. Keeping in view the lack of hostel facilities for students from the weaker sections admitted into professional colleges, four hostels are proposed to be opened at Bangalore, Mysore, Bellary and Hubli.

91. I also propose to increase the allowance for food expenses from Rs. 400 to Rs. 450 per month in Pre-Matric hostels and from Rs. 450 to Rs. 500 in Post-Matric hostels of all students belonging to scheduled castes, scheduled tribes, backward classes and minority communities.

92. I propose to increase the number of advocates eligible to receive stipend under the on going scheme for weaker sections at the rate of 30 per district. Of these 30, 10 are reserved for advocates from SC/ST category, 10 for backward classes, 5 for minority categories and 5 for women.

93. Kaushalya, scheme for training of unemployed women will be implemented to cover scheduled caste, scheduled tribe and backward class women in different trades.

94. A Bhavan in memory of Late Shri Devaraj Urs has already been planned for construction in Bangalore. In addition, it is proposed to construct a Bhavan at Hunsur and also take up comprehensive development of his birthplace – Kallahally. For these purposes, I allocate Rs.5.45 Crore.

Women and Child Development

95. Women play an important role in our society. Stree Shakti programme has gained momentum over the years. Involvement of these empowered women in implementation of various Government programmes is a positive outcome of the formation of these as it enables receptivity for the schemes, greater degree of participation and accountability. **I propose to set apart Rs. 11 crores in 2005-06 for contribution towards the revolving fund.**

96. Construction of Anganwadi buildings will be continued with an enhanced allocation of Rs. 12 Crore.

97. As members are aware, educational opportunities for women in North Karnataka are inadequate. In order to assist girl students to pursue education, ten Post-Matric hostels will be opened at Bidar, Gulbarga, Raichur, Koppal, Bellary, Bijapur, Bagalkote, Chamarajanagar, Haveri and Kolar. Thus, eight out of ten new hostels will be in North Karnataka.

98. Under Disabled Welfare, the schools for the Deaf taken up for construction in Belgaum and Mysore will be completed in 2005-06.

99. The Women's Development Corporation has been provided with Rs 3.5 Crore in 2005-06.

100. Further, the allocation for scholarship for the disabled students will be enhanced to Rs. 1.20 Crore.

Kannada and Culture

101. The 50th year of Integration of Karnataka is being celebrated. I have earmarked Rs 10 crore for preparatory activities for celebrating **"Suvarna Karnataka".**

102. There is a need to increase the Government support to Academies functioning in Karnataka. I propose to provide Rs. 15 lakh as grant to facilitate each academy's activities.

103. Karnataka is a home for eminent poets. We have seven Gnana Peetha awardees. On the occasion of the Kuvempu Shatamanotsava, the Government had decided to establish **"Kuvempu Samskrithika Kendra"** to support translation of works of Rastra Kavi Kuvempu and other eminent writers who have contributed to Kannada literature. I propose to convert this dream into a reality under Suvarna Karnataka.

Information

104. Kannada Films have been a major factor in integrating Karnataka. To promote quality Kannada films, I propose that two best Kannada Children films be provided Rs. 25 lakhs of incentive every year. Twenty quality Kannada films will be awarded with Rs. 10 lakh subsidy in addition to the subsidy being given to award winning films.

105. Suitable amendment will be introduced to control video piracy.

Sports and Youth Services

106. During the current financial year we intend to complete all the six stadia in the newly formed districts.

107. To meet the growing demand and to give more emphasis to the backward regions of the North Karnataka during the current financial year, the Youth Services and Sports department is planning to construct stadia in 39 talukas, thereby improving the opportunities for sports persons from North Karnataka.

108. Rajiv Gandhi Yuvashakti scheme, which was implemented in 2003-04 will be continued in 2005-06.

109. National Youth Games are being held at Bangalore in 2006. I propose to earmark Rs. 2 crore for this event.

Tourism

110. Tourism is emerging as an important employment opportunity. It is proposed to revitalize Karnataka Tourism brand with an aggressive media plan. Tourism Policy framework will be further refined to attract entrepreneurs to invest in tourist infrastructure such as accommodation, wayside facilities etc.,

111. The Department of Tourism has formulated a new scheme called "Suvarna Karnataka - Pravasi Thana" under which at 50 selected locations, basic wayside facilities comprising of tourist information kiosk, toilets and coffee shops will be set up, connecting important tourist destinations, at an interval of every 75 kms in such locations, where these basic facilities are not presently available, either in the private sector or by the Department or KSTDC. For these programmes I propose to provide the state share.

112. Tourism projects such as integrated development of Nandi Hills (including ropeways), Ropeway to Chamundi Hills will be offered to the private entrepreneurs under appropriate terms and conditions.

113. The world renowned Bahubali Statue beaming the principles of Ahimsa has been the centre of attraction all over the world.

"Mahamastakabhisheka" is an upcoming event of 2006. This special occasion, celebrated once in 12 years should be seen as a tourism opportunity. I intend to provide tourist amenities for the visitors during this event. The connecting roads will be upgraded. All public facilities will be provided. **I propose to allocate Rs 75 crore for this purpose.**

Public works

114. With the objective of improving the roads, I propose to increase the allocation to Road sector from Rs.1022 crores in 2004-05 to Rs. 1414 crores in 2005-06 thus accounting for 38% increase.

115. Under the ongoing World Bank assisted programme of KSHIP it is proposed to upgrade and rehabilitate 700 Kms of State Highways at a cost of Rs.550 crore in the current year.

116. A better strategy is required for the maintenance of State Highways. Hence it is proposed to bring the State Highways on a three-year maintenance contract. It is estimated that the total cost of three-year maintenance is Rs. 450 crore. **For this purpose I have provided an amount of Rs. 150 crore on 2005-06.**

117. For maintenance of roads other than the State Highways, there is a need to shift from the adhoc approach currently being followed to a more systematic and planned approach based on a comprehensive road information system about the status of roads and the amount spent on them. **For this purpose, I propose to allocate Rs. 83 Crore that would be spent in accordance with a plan of action prepared by Public Works Department based on this Road Information System.** In addition to this, I propose to allocate Rs. 72 Crore for upgradation of roads.

118. With RIDF assistance we are taking up 458 works, which essentially involve improvement of roads and construction of bridges. These works are estimated to cost Rs. 275 crore.

119. In recent times Hospet - Karwar road, Dharwad- Alnavar-Ramnagar- Anmod road and Chikkanayakanahalli-Hassan road are being

used mainly by vehicles carrying mineral ore. The vehicles are carrying heavy load leading to higher wear and tear of the roads. Mining and Transport sectors are requesting for improving these roads. Hence I propose to take up improvement of these roads through KRDCL. **In order to make our efforts sustainable I propose to introduce levy of toll under Karnataka State Highways Act for this purpose.** I assure that steps will be taken to insulate the local commuters from the toll.

Housing, Urban Development and Infrastructure

120. Ashraya and Indira Avaas Yojane are the most important programmes that the State Government implements for housing for poor. Under Ashraya Housing Scheme, I propose to earmark Rs. 100 crore as subsidy in this budget. In addition to this, for SC/ST beneficiaries, to provide houses free of cost, I propose to provide Rs. 50 crore for Ambedkar Housing Scheme from the pooled amount. Similarly, for Indira Avaas Yojana, I propose to earmark Rs. 110 crore.

121. The challenge does not lie only in constructing more and more houses but also in providing basic infrastructure to the housing clusters created under this scheme. To address this problem in an innovative way, the Government ploughs back a portion of the recovery of the loans extended in this scheme to the corresponding local bodies for provision of basic infrastructure to these clusters. This institutional move, if coupled with increased recovery of these loans, would ensure that the local bodies would have enough resources to provide basic infrastructure to these clusters.

122. Problems arising out of progressive urbanisation in Karnataka are to be addressed immediately. The growth rate of urban population has been higher than the rate of investment in urban infrastructure and effects are clearly visible. Housing, water shortage and inadequate sanitation are the three important problems affecting urban life. In Bangalore, the poor network of roads compounds the problem. Urban areas need a lot of investment for better quality of life.

123. The Second State Finance Commission, constituted to determine the share of State's resources that should be devolved to the local bodies, has submitted its report. As per the recommendation of the First State Finance Commission, the State had been devolving 5.4% of its resources to the Urban Local Bodies. Keeping in view, the increased responsibilities that the Urban Local Bodies have to bear in this era of increasing urbanization, the Second Commission has recommended an increase in this share from 5.4% to 8%. **I propose to provide for this increase in a phased manner and as a first step, to increase this share from Rs. 798 Crore in the current year to Rs. 1160 Crore in the next year, an increase of 45%.** I hope that this step would further enable the Urban Local Bodies in delivering basic minimum services to the urban citizens of the State.

124. The State Government is implementing Nirmala Nagara Programme in 57 Urban Local Bodies in the State with the objective of providing better urban living environment.

125. With the assistance of the World Bank, augmentation of the drinking water supply in the cities of Belgaum, Hubli-Dharwad and Gulbarga and development of a comprehensive strategy to overhaul water supply in urban areas, has been taken up at a cost of Rs. 235 crore. This is an innovative experiment and management contract is being given under this project. Rs. 110 crores is being earmarked to KUWS&DB to take up Urban Water Supply Projects.

126. Work on **India's first Greenfield Airport on Public Private Partnership model** would commence at Devanahalli. This international airport would position Bangalore as an important passenger and cargo hub in the region and provide a great fillip to tourism and exports. **An amount of Rs. 95 crore is being provided in the budget for 2005-06 as State support to Bangalore International Airport Project.**

127. Bangalore citizens are eagerly expecting the commencement of Metro Rail services. The State cabinet has cleared the project recently.

Government of India clearance is expected shortly. For implementation of this project, I propose to set apart Rs. 109 crore. The State is committed to complete many railway projects on a cost-sharing basis with Indian Railways. **For these projects, I propose to earmark Rs. 51 Crore.**

128. Better traffic management is essential to improve quality of life in urban areas. A Traffic Management Fund has already been set up for the improvement and better management of traffic in Bangalore. 50% of the amount collected as traffic fines would be ploughed back into the fund. I propose to extend this arrangement to the other six Corporation areas of the State from 2005-06 onwards.

Industries and Commerce.

129. Industrial development has been accorded top priority by our Government. After assumption of office by our Government, the State has attracted investment of Rs. 31,000 Crore through 29 mega industrial projects. In addition, 181 large and medium projects with investment of Rs. 4,000 Crore and 7000 small-scale units with an investment of Rs. 250 Crore with an employment opportunity for 33,000 persons have been approved. With an objective of facilitating accelerated industrial development of all regions and sectors of the State, it is proposed to set up Karnataka State Industrial Development Council under the Chairmanship of the Chief Minister.

130. A new scheme, **Kaigarika Vikasa** would be launched for the intensive industrialization for the 39 most backward taluks identified by Dr. D.M.Nanjundappa Committee that would provide employment to about 1.5 lakh people over a period of 5 years. **For this purpose, I propose to earmark Rs. 10 Crore.** This scheme is expected to generate annual income Rs. 300 Crore.

131. Product Specific Special Economic Zones for Textiles at Hassan & Mysore and Sector Specific Special Economic Zone for Information Technology and Allied activities would be set up at Mangalore. Eleven new Science & Technology Entrepreneurs Parks (STEP) would be set

up in Bangalore (Rural), Bellary, Chamarajanagar, Gulbarga, Haveri, Kodagu, Koppal, Kolar, Mandya, Raichur and Uttara Kannada Districts.

132. With support from the Government of India, it is proposed to establish and develop Industrial Valves Cluster at Hubli-Dharwad, Coir Cluster at Channapatna and Hassan, Food processing Cluster at Mangalore, Auto components Cluster at Shimoga. The total investment envisaged is Rs 40.2 crore. A Rural Artisan Products Marketing facility at Gulbarga would be set up.

133. Mineral investigation activities would be strengthened. Laboratories with state-of-the-art equipments would be set up to assist exploration activities. For this I propose to set apart Rs. 2.8 Crore.

Weavers' welfare.

134. In 2004-05 budget, our Government implemented a special package for weavers consisting of composite schemes for providing power subsidy, health care and raw materials to weavers as was announced earlier. I propose to continue implementation of this scheme.

Power generation & transmission

135. The power sector is the most important input for the economy. Power determines the pace of development. The power generation projects taken up by Karnataka Power Corporation are making brisk progress. The 3rd unit of 55 MW capacity Almatti Dam Power House was commissioned on 13th January 2005. The remaining three units of 55 MW capacity will be commissioned by end of July 2005. Work on the Bellary Thermal Power Station of 500 MW capacity is proceeding ahead of schedule. Bidadi combined Cycle Power project, Raichur Thermal power station unit 8, renovation and modernization of Nagjhari power house, Gundal hydel scheme are on going. Work on Varahi Hydroelectric Power Project will commence soon. We have taken steps to support power production by Private Independent Power Producers. On completion they will add 3475 MW generation capacity. **With the commissioning of the above mentioned projects, power situation in Karnataka will improve.**

136. Our Government has taken a decision to regularize about 1,35,000 irrigation pumpsets. The cost of regularization is Rs. 26,464 per IP set and the total cost will be Rs. 357.26 crore. The farmer will make a contribution of Rs. 10,000 per IP set and the balance of the cost will be borne by Government and ESCOMs. **This scheme will cost Rs. 173 crore to the Government.** In addition about 60,000 new pumpsets will be electrified during 2005-06. All these connections are to be metered.

137. We have taken a decision to provide free power upto a limit of 18 units to all the Bhagya Jyothi and Kutira Jyothi consumers. This free power will be available only if the installations are metered. This measure is for prevention of power thefts.

138. Under the Dalit Basti scheme supported by Rural Electricity Corporation we have decided to provide power to 2,52,798 households at a total cost of Rs. 202 crore.

Power Subsidy

139. In so far as Karnataka is concerned, subsidized power is the biggest burden on the state exchequer. Subsidies, *per se*, are not bad but untargeted and poorly designed subsidies are bound to bleed the fisc of the state and put stress on the State finances, crowding out more desirable expenditure.

140. Poorly targeted power sector subsidies have put Stress on the State resources and have incapacitated the state PSUs in expanding the generation and transmission capacity, which is most essential for faster and equitable growth.

141. Farmers are demanding quality power. 49% of power consumed in Karnataka is accounted to IP sets. As IP sets in Karnataka are not metered, it is difficult to check whether these IP sets have indeed consumed 49% of power supplied by KPTCL. There is scope for including illegal power thefts in notional consumption by IP sets. On an average, Government is providing Rs. 1750 crore towards the cost of power used by agricultural pumpsets apart from the farmers themselves

paying the tariff fixed by the KERC. The subsidy incurred by Government per pumpset is approximately Rs. 12,500 per year. **In 2005-06 an amount of Rs. 1750 crore has been provided for power subsidy.**

142. The first step should be towards reduction of commercial losses through 100% metering and stringent anti theft measures. This would free resources for more investment in the sector, which would in turn reduce the transmission losses, improving the efficiency of the sector even further. A more efficient power sector would be able to generate more resources by providing better quality power. If adequate steps are not taken, the future ahead of us is bleak.

143. With the above in the background, I propose 100% metering in all sectors including the subsidized sector. Through this august body, I would like to assure all the farmers that the purpose of metering of IP sets is to keep a proper account of power consumption. Irrespective of the power consumed, the **farmers may prefer to pay the flat rate charges as fixed by KERC from time to time or the metered consumption whichever is less.** Another important step would be introducing a "Purchase-Provider" model between Government and ESCOMs. It is expected that in order to claim subsidy, power utilities will submit a bill to Government on the basis of metering done at the consumption or distribution point. In addition, in order to reduce power thefts and losses, energy audit will be rigorously conducted.

144. Under the centrally sponsored scheme, we propose to provide solar power lights in 1000 unelectrified hamlets, bastis, hattis, which are located in remote areas where grid supply cannot reach. The estimated cost of the project is Rs. 26.33 crore.

Revenue

145. Revenue department is the mother department in rural areas. It is the closest department to our farmers and agrarian population. 36 Mini Vidhana Soudhas are at various stages of construction and have remained incomplete mainly for want of funds. **I have set apart**

Rs. 8 crore for completion of all the 36 mini Vidhana Soudhas during 2005-06.

146. Inability to survey the divided lands immediately after sale or partition has often led to clashes among the farmers. In addition, the century old survey records have become degenerated. In order to provide the updated village maps to the Public, the maps will be vectorised and digital data will be developed. This will help in quick updating of records as well their retrieval. In addition, I propose to provide Rs. 2 Crore for construction of buildings of Department of Stamps and Registration.

147. I propose to provide Rs. 5 crore to Basava Kalyana Development Authority. Similarly, I propose to allocate Rs. 3 crore to Kaginele Development Authority.

Transport

148. The performance of Public Transport Corporations of Karnataka has improved radically. The Bangalore Metropolitan Transport Corporation is one of the few Public Sector Transport Corporations, which have made profit. BMTC has made operational profits and now is capable of investing on new busses and creating amenities at bus shelters. KSRTC and NEKRTC are also on the path of recovery. New buses have been introduced in 2004-05. **In so far as the expenditure incurred by these Corporations on the subsidized bus passes are concerned, I have made a provision of Rs. 70 crore to meet the Government share.** However, in order to ensure better targeting of this subsidy the Transport Corporation will enter into a 'purchase provider' model with the Government.

Science and Technology

149. Karnataka is a leading State in information technology. The most important requirement of IT sector about creation of proper road network at the periphery of Bangalore is being addressed. **We have taken up the improvement of roads around Bangalore at a cost of Rs. 40 crore with Private Partnership.** Government of India has come forward for construction of elevated IT corridor road. In order to

facilitate smooth and quick construction of IT corridor road, the State Government is proposing to build diversion roads. Further, BDA has planned to develop High-Tech City near Hosur- Sarjapur Road at an estimated cost of Rs. 460 crore.

150. Biotechnology is a sunrise industry and we would not like to lose opportunities in this sector. Government of India has agreed, in principle, to support the establishment of the Biotech Park at Electronics City, Bangalore and this facility will act as a biotechnology industries cluster. For this purpose, I propose to set apart Rs. 6.5 Crore.

151. With the broad objective of promoting Science and Technology in rural areas our Government proposes to establish science centres. For this purpose, I have set apart Rs 10 crore. Gulbarga region has very limited infrastructure for promoting science education. In order to set right this imbalance, I propose to initiate a special programme in the Collegiate education to support Science education in Gulbarga region.

Forest, Ecology & Environment

152. From the year 1999, there has been a constant increase in the forest cover. Afforestation of barren lands in the State has been taken under schemes like National Afforestation Programme, Tree Patta Scheme, Joint Forest Planning and Management scheme and Vana Vikasa Yojane. Forests of Karnataka are fragile ecosystems and they are to be managed carefully to conserve their biodiversity. The conservation efforts must be sustainable to give durable results. With these objectives in mind, **"Karnataka Sustainable Forest Management and Bio-Diversity Conservation Project" will be undertaken with the financial assistance of Japan Bank for International Cooperation (JBIC).** The project period would extend from 2005-06 to 2012-13 and the cost is Rs. 745 crore.

153. Constituting Eco clubs in Schools is already a policy of our Government. Now, we propose to extend this scheme to cover colleges also.

Law reforms

154. Providing justice for all is our commitment. We are taking action both on the front of legal reforms as well as enforcement. Our Government has come out with a policy paper and has formulated an action plan for Legal reforms. We would like to update the statutes, improve their relevance and make their fair application and administration a reality. We would like to make the ideas of liberty, equality, justice and gender equity envisaged by the founding fathers of our Constitution, come true.

155. We will take steps to implement the action plan envisaged in the new policy on law. Specific proposals in pursuance of this policy are being worked out. **During 2005-06 upto 25 crores will be provided for these schemes as and when the schemes are firmed up. I also propose to set apart Rs. 20 crores for the establishment of Circuit bench in North Karnataka.** If more funds are required, the same will be provided.

Labour:

156. A Scheme of upgradation of Industrial Training Institutions (ITIs) into Centres for Excellence with assistance from Government of India is already on the anvil. In each of these Government ITIs selected for the purpose, one trade will be upgraded through supply of necessary equipment, training of faculty, revamping the syllabus etc. The State Government will meet 25% of the expenditure of this scheme.

157. New trades as approved by the DGET will be introduced in the Government ITIs in a phased manner. For this purpose I have set apart Rs. 3.3 crore.

Law and order:

158. Law and order in Karnataka has been quite satisfactory. This is one of the important reasons why investors come forward to invest in the state. However, of late extremist and divisive forces operating against public interest have emerged. This is a matter of serious concern and there is an urgent need to strengthen the police department and to upgrade its skill to face the challenges that lie ahead. Modernization of

prisons will also be taken up. **Adequate allocation has been made and the allocation to police administration has been increased from Rs. 919 Crore to Rs. 964 Crore.**

159. I have made a conscious effort to direct as many individual schemes as possible towards the backward talukas of the state as identified in the Dr. Nanjundappa Committee, be it in the location of schools and hostels or the implementation of education, health and industry related schemes. I have also increased the outlays for Hyderabad Karnataka Development Board substantially. All this would be in addition to the normal programmes in the implementation of which, the Administrative Departments concerned would be asked to give priority to the backward talukas. I believe, in this budget a significant step has been taken in addressing the issue of regional disparities in the State and yet I am not fully satisfied with the quantum of investment that would be flowing to these areas as a result of these initiatives. In this context, **I would like to state that redressal of regional imbalance is a high priority for us and our coalition government will increase the outlay in future.**

Annual Plan 2005-06

160. I have enhanced the Annual Plan Outlay from **Rs. 11,741.17 Crore** in 2004-05 (Revised Estimates) to **Rs. 13,555.00 Crore** in 2006-06 (Budget Estimates). The increase in Plan Size amounts to 15.5%. The major sectoral allocations are given in **Annexure-I**

I now go to the tax proposals.

161. Sir, I am happy to announce our collection of revenue from all tax sources has been extremely buoyant. **All the revenue earning Departments have collected revenues well over their respective targets and our estimates.** The officers and staff of these Departments need to be complimented for their efforts and their hard work that has brought about these results. To elaborate, the growth rate achieved in the collection of Commercial Taxes of about 27% is perhaps the highest in the country. This is a remarkable achievement. Similarly,

Excise revenue and the revenues from the Stamps and Registration and Transport have registered impressive growths. I congratulate all these Departments for their good performance. I am confident in the year 2005-06 too they will perform similarly and enable our resource mobilization estimates to be more than fully realized.

COMMERCIAL TAXES

VALUE ADDED TAX:

162. Sir, the State is all set to introduce Value Added Tax (VAT) in the place of sales tax, on all commodities except petrol, diesel, Aviation Turbine Fuel and sugar cane, from April, 2005. Introduction of Value Added Tax has been a collective endeavour of all the States and Union Territories, with the Central Government supporting this historic tax reform in the country. Our likely revenue loss in the first year of introduction of Value Added Tax is about Rs.2160 crores. The Central Government will compensate the revenue loss fully in the first year, 75% loss in the second year and 50% in the third year.

163. Sir, as I have clarified on several occasions, the overall tax effect on the common consumers under Value Added Tax would be lower than the present tax effect. Lower tax on many goods of common consumption, removal of tax cascading by the input tax credit scheme and adoption of a low standard rate of 12.5% should result in the reduction of prices of many commodities. I expect the trade and industry to respond positively.

164. I propose to re-organize the Commercial Taxes Department on a functional basis as required for the effective implementation of Value Added Tax. I have full confidence in the preparedness and the capability of the department for the successful implementation of Value Added Tax in the State.

Reliefs:

165. Trade and industry have made representations for several reliefs and concessions. The design of Value Added Tax is on the basis of national consensus. Within such consensus it has been possible for me

to consider positively a few requests not only in the interest of our trade and industry but also the general public.

166. Accordingly, I propose to exempt under the proposed Value Added Tax,

(i) paddy and rice for one year,
(ii) wheat for one year,
(iii) pulses for one year,
(iv) seeds,
(v) awalakki,
(vi) mandakki,
(vii) pappad and
(viii) branded bread and bun.

167. I also propose to reduce tax on Tea to 4%.

168. The merger of sales tax with excise duty on rectified spirit and liquor has ensured effective collection of revenue. Considering this, I propose to bring even molasses under a similar scheme and exempt molasses from tax under Value Added Tax and levy an equivalent Excise duty on rectified spirit manufactured out of molasses.

Rationalisation measures:

169. I propose to bring in certain rationalization measures in the Value Added Tax Act. The details of these measures are at **Annexure II.**

170. Industrial units that are presently enjoying some tax incentives have represented that these incentives should be continued even under Value Added Tax. In line with the national consensus, I propose to continue them under Value Added Tax, with suitable modifications in the tax exemption scheme ensuring that the value chain is not broken and there is no additional revenue loss.

SALES TAX:

Reliefs:

171. Karasamadhana Scheme: Several tax amnesty schemes have been announced in the past to reduce arrears of sales tax but with

limited success. Considering that Value Added Tax is being introduced from April, 2005 and the need to reduce the arrears of sales tax as we go into the new system, as a last chance to those would like to clear their arrears, I propose to announce the following scheme:

172. If a dealer pays the tax admitted or assessed in full for any year upto 31st March, 2004, on or before 30th May, 2005 alongwith 10% of the penalties and interest levied or leviable and also withdraws any appeal filed disputing the tax assessed or penalties levied, the balance 90% of the interest and penalties levied or leviable would be waived.

173. If a dealer pays 10% of the penalties and interest levied or leviable for any year upto 31st March, 2004, on or before 30th May, 2005 and also withdraws any appeal filed disputing the penalties levied, the balance 90% of the interest and penalties levied or leviable.

174. I propose to,

(1) exempt tax on leasing of feature films retrospectively from August, 2004.

(2) continue sales tax exemption on diesel sold to fishermen and increase the quantity of diesel eligible for sales tax exemption from 50,000 kilo litres to 55,000 kilo litres for the year 2005-06.

Rationalisation measures:

175. I propose to bring in certain rationalization measures as in **Annexure II**.

CENTRAL SALES TAX:

Rationalisation measures:

176. I propose to reduce tax on inter-State sale of two wheelers, three wheelers and plastic stitching yarn to 1% to encourage sales from our State.

SPECIAL ENTRY TAX:

Rationalisation measures:

177. I propose to amend the relevant provisions of the Special Entry Tax Act which refer to the current sales tax suitably considering introduction of Value Added Tax from April, 2005.

178. I also propose to amend the definition relating to importer to specifically exempt Central and State Government Departments from payment of tax.

179. I propose to levy Special Entry Tax plastic woven sacks, paper and stationery to prevent trade diversion. I also propose to levy Special Entry Tax on all such goods in which there could be trade diversion because of some neighbouring States that may not implement Value Added Tax from April, 2005.

Reliefs:

180. I propose to exempt notified goods brought into the State,

(i) for exhibition, display, demonstration, performance, concert, shows or similar events.

(ii) by research and development institutions and educational institutions, free of cost from outside the country.

(iii) by persons on transfer or change of residence.

ENTRY TAX:

Rationalisation measures:

181. I propose to bring in certain rationalization measures in the Entry Tax Act. The details of these measures are at **Annexure III.**

BETTING TAX:

Relief:

182. In my last Budget presented in July, 2004, I had proposed to fix the composition amounts payable in respect of horse racing at the rate of 4% of the stake money for the year 2004-05. The licensees have represented that such revision be given effect prospectively. Considering their request I propose to give effect to the revision in composition amounts from August, 2004.

PROFESSIONS TAX:

Rationalisation measure:

183. I propose to provide for levy of interest for delayed enrolment by self-employed persons liable to pay tax.

Relief:

184. Considering the representation made by the legal practitioners for tax relief to those newly entering the profession, I propose to increase their exemption limit to 10 years and revise the tax slabs as in **Annexure IV**.

LOTTERY TAX:

Rationalisation measure:

185. I propose to bring in suitable amendment retrospectively to provide for levy of tax on promoters of lotteries of other States who are disputing the levy as not being authorized promoters.

ENTERTAINMENTS TAX:

Reliefs:

186. The film industry has represented for reduction in composition tax and show tax. Considering their request, I propose to reduce composition tax and show tax as in Annexure V.

187. In order to encourage the circus companies which are in difficulty, I propose to exempt them from Entertainments Tax.

Rationalisation measures:

188. I propose to,

(1) remove the present discretion in levy of penalty for filing of incorrect return and provide for levy of fixed penalties.

(2) provide for suitable rules to permit payment of tax due in instalments in cases of financial hardship.

189. **Consequential Amendments:** The relevant tax laws need amendments to implement the above proposed measures. These amendments together with other amendments for rationalization will be moved.

EXCISE

190. During 2004-05 budget, I had proposed to bring in major reforms and radical changes in arrack trade; I had not proposed any additional taxes in I.M.L sector. We expected an additional income of Rs.300 Crores to the exchequer. Now, I am glad to inform that we are going to

get more than Rs.400 Crores of revenue for the Excise year 2004-05 compared to previous year's revenue.

191. In this budget, I am not proposing any major changes in Excise policy or levy of additional taxes except bringing in some simplification and rationalisation of the existing tax structure.

192. To make it more realistic and as per market forces, I propose the maximum selling price of arrack not to exceed Rs.115/- per Bulk Litre as against the existing Rs.95/- per Bulk Litre.

193. To create a level playing field between captive and non-captive distilleries, a uniform fee of Rs.6-00 per Bulk Litre will be levied on Rectified Spirit instead of the presently levied Rs.4/- and Rs.6-50 per Bulk Litre respectively.

194. As additional revenue mobilization, I propose to allow the export of draught beer out side Karnataka.

195. Excise Revenue arrears have become a matter of concern. Therefore, I intend to give one more opportunity by extending the Kara Samadhana Scheme, so as to include arrears and loss sustained, which remained in default during the neera agitation in the State.

196. During 2005-06, we are confident of getting more than Rs.3000 Crores Excise revenue, without any additional tax burden on the tax payer. I propose to further tighten the enforcement measures by making penal provisions more stringent. Accordingly, I propose to enhance the punishment and to make excise offences non-bailable. Proposals to amend the Karnataka Excise Act will be moved. Similarly, the Excise Department will be restructured with an emphasis on enforcement to increase the efficiency and effectiveness of administration.

STAMPS AND REGISTRATION

197. I do not propose any increase in Stamp Duties or Registration charges this year also. However I propose to revise the existing estimated guideline values of immovable properties situated in Bangalore Urban District and Other District Head quarters, in view of the upward trend in real estate market.

198. I propose to extend full exemption of Stamp duty and Registration fee, on all loan and credit documents executed by farmers for availing Agricultural Finance. I also propose to reduce fee on Encumbrance certificate obtained by farmers for Agricultural purpose, from the prevailing rates to a maximum of Rs. 50/- Annexure – 6.

MOTOR VEHICLES TAX

199. Computerization of all Regional Transport Offices in the State will be taken up during the financial year. Smart card based driving licences, registration certificates and high security registration number plates will also be introduced. These programmes will be taken up with private participation and the funds required will be generated by levying user charges.

200. In order to encourage tourism, I propose to introduce separate clause of tax for air-conditioned integral/ monocoque buses, covered by All India Tourist Permits. I propose to enhance the tax on multi-axle, articulated goods vehicles and lifetime tax on two wheelers costing more than Rs. 50,000/-. Changes proposed are detailed at Annexure - 7.

201. These measures will yield an additional revenue of Rs.9 crores.

Revised Estimates 2004-05

202. The Revised Estimates of total receipts are **Rs. 33332.84 Crore** as compared to the Budget Estimates of **Rs. 32065.99 Crore** for 2004-05. The total expenditure is expected to be **Rs. 33273.08 Crore** according to the Revised Estimates against the Budget Estimates of **Rs. 31591.88 Crore** for 2004-05. After taking into account the surplus in the Public Account, the closing balance for the year is likely to be **Rs. 72.66 Crore** as against the expected closing balance of **Rs. 73.32 Crore** at the time of presentation of the 2004-05 Budget.

Budget Estimates 2005-06

203. The total receipts are expected to be **Rs. 34592.06 Crore** comprising revenue receipts of

Rs. 29218.47 Crore and capital receipts of **Rs. 5373.59 Crore.** The total expenditure is likely to be **Rs. 34615.15 Crore** of which revenue expenditure is estimated at **Rs. 28364.01 Crore** and capital expenditure is estimated at **Rs. 6251.14 Crore.**

204. Government expects to raise **Rs. 18680.16 Crore** in tax revenue and **Rs. 4090.30 Crore** in non-tax revenue. In addition, Government expects to raise **Rs. 1269.00 Crore** from Market Borrowings (net), **Rs. 2191.12 Crore** as total loans from the Central Government and **Rs. 1015.00 Crore** from RBI and other Financial Institutions.

205. Identifying fiscal discipline as a critical factor for sustainable development, in the year 2002 the Legislature of Karnataka had enacted the Karnataka Fiscal Responsibility Act that puts a responsibility on the Government to eliminate the Consolidated Revenue Deficit by the year 2005-06 and restrict the Consolidated Fiscal Deficit to 3% of GSDP. The year ahead of us is a very important year in that respect since this year is the target year under the Fiscal Responsibility Act. This budget meets the target set by the Karnataka Legislature in the Act. The Revenue Surplus for 2005-06 is estimated to be Rs. 854.46 crore, which is 0.52% of GSDP and Fiscal Deficit is estimated to be Rs. 4714.46 crore, which is 2.86% of GSDP. With the interest payment on off budget borrowing estimated to be at Rs.791.02 crore, the Consolidated Revenue Surplus is budgeted to be Rs. 63.44 Crore.

206. Taking into account the opening balance of **Rs. 72.66 Crore,** the closing balance is estimated at **Rs. 49.57 Crore.**

FIRM STEPS

207. What we dreamt in the last budget has become a reality. Fiscal stability is most apparent in our budget. Resources have flown in as we expected. Our social concerns have been the driver for our policies.

Growth has been achieved on the foundation of equity. We have taken firm steps to meet our promises. Our aim is a Vibrant Karnataka where everybody is equal. The golden rays are visible on the horizon.

In the words of Rashtrakavi Kuvempu:

annadanadinoludisay
Munname Maidoridante ; Belakam Needay !
Innomme haridu Kathale,
Munnina Chaithanyadoje mereyali, Pampa !'

208. I now commend the Budget Estimates 2005-06 for the consideration and approval of the House. The full budget would be discussed on the floor of the House. The Government will then seek approval of the full budget. I now seek a Vote an Account for a period of four months ending 31st July, 2005.

Jai Hind – Jai Karnataka

BUDGET AT

(Rs. in crores)

Sl. No.	Item	Budget Estimates 2004-05	Revised Estimates 2004-05	Budget Estimates 2005-06
	Opening Balance	-400.79	12.90	72.66
A.	**REVENUE ACCOUNT**			
I.	**Receipts**			
	State Taxes	14957.96	15747.85	18680.16
	Share of Central Taxes	3760.41	3449.31	3760.40
	Grants from Central Government	2305.59	2354.86	2687.61
	Non-tax Revenue	4486.35	3768.32	4090.30
	Total–A. I	**25510.31**	**25320.34**	**29218.47**
II.	**Expenditure**			
	Social Services	7662.30	7698.77	8566.71
	Economic Services	5500.72	6015.15	7020.72
	General Services	11475.96	10300.25	11616.58
	Grants-in-aid & Contributions	798.50	798.50	1160.00
	Total-A. II	**25437.48**	**24812.67**	**28365.01**
A.	Revenue Account Surplus/Deficit	72.83	507.67	854.46

A GLANCE (Rs. in crores)

Sl. No.	Item	Budget Estimates 2004-05	Revised Estimates 2004-05	Budget Estimates 2005-06
B.	**CAPITAL ACCOUNT**			
I.	**Receipts :**			
	Loans from Government of India	2238.05	1709.35	2191.12
	Open Market Loans (Net)	1087.96	2116.74	1269.00
	Loans from LIC, RBI, GIC & NCDC	3200.91	4557.65	1015.00
	Recoveries of Loans and Advances	29.91	29.91	29.91
	Public Account (Net) etc.,	-1.15	-401.15	868.56
	Total - B. I	**6555.68**	**8012.50**	**5373.59**
II.	**Disbursements :**			
	Capital Outlay (Net)	3746.61	4117.70	5364.54
	Repayment of Central Loans	1342.49	1156.12	563.42
	Repayment of Loans to LIC, RBI, GIC and NCDC etc.,	462.52	2575.10	88.89
	Disbursement of Loans & Advances	602.78	611.49	234.29
	Total - B. II	**6154.40**	**8460.41**	**6251.14**
B.	Capital Account Surplus/Deficit	401.28	-447.91	-877.55
C.	Overall Surplus/Deficit for the Year	474.11	59.76	-23.09
D.	Closing Balance	73.32	72.66	49.57

ANNEXURE - I

SECTORAL STATE PLAN ALLOCATION-2005-06

Sector	Rs. in Crores	Percentage
A) ECONOMIC SERVICES		
Agricultural & Allied Services	857.52	6.33
Rural Development	611.30	4.51
Special Area Programmes (HKDB & MADB)	166.34	1.23
Irrigation & Flood Control	3942.41	29.08
Energy	1853.92	13.68
Industries & Minerals	143.18	1.06
Transport	1629.94	12.02
Science, Technology & Environment	23.60	0.17
General Economic Services	376.51	2.78
B) SOCIAL SERVICES		
Education, Sports, Arts & Culture	1012.01	7.47
Health	332.39	2.45
Water Supply & Sanitation	621.50	4.59
Housing & Urban Development	1266.13	9.34
Information & Publicity	2.80	0.02
Welfare of SC's, ST's, OBC's, Social Welfare & Nutrition	517.74	3.82
Labour & Employment	14.01	0.10
C) GENERAL SERVICES	183.70	1.36
Total	**13555.00**	**100.00**

ANNEXURE II
(Paras 169 and 175)

PROPOSED RATIONALISATION MEASURES

Sl.No	Nature of rationalization measures
1	2
1.	Providing for payment of interest on delay in payment of excess tax collected or wrongfully collected tax even during period of any stay for recovery such tax.
2.	Increasing the time limit for filing of a revision petition before the High Court from 120 days to 180 days.
3.	Reducing the rate of penal interest from 24% to 15%.

ANNEXURE III
(Para 181)

PROPOSED RATIONALISATION MEASURES

Sl.No	Nature of rationalization measures
1.	Retrospective insertion of Sections 4-B and 4-BB providing for levy of tax on entry of motor vehicles from 1-4-95.
2.	Suitable amendments to the provisions which refer to the Karnataka Sales Tax Act, to provide for additional reference to the Karnataka Value Added Tax Act.
3.	Increasing the time limit for filing of a revision petition before the High Court from 120 days to 180 days.
4.	Reducing the rate of penal interest from 24% to 15%.

ANNEXURE IV
(Para 184)

PROPOSED CLASSIFICATION AND RATES OF PROFESSIONS TAX FOR LEGAL PRACTITIONERS

Present entry	Present rate of tax	Proposed entry	Proposed rate of tax
Legal practitioners including Solicitors and Notaries public:-		Legal practitioners including Solicitors and Notaries public:-	
(A) in the Bangalore Urban Agglomeration where standing in the profession is		(A) in the Bangalore Urban Agglomeration where standing in the profession is	
(i) less than 5 years	Nil	(i) less than 5 years	Nil
(ii) 5 years or more but less than 15 years	Rs. 1500 per annum	(ii) 10 years or more but less than 20 years	Rs. 1500 per annum
(iii) 15 years or more	Rs. 2500 per annum	(iii) 20 years or more	Rs. 2500 per annum
(B) in any other area in the State is-		(B) in any other area in the State is-	
(i) less than 5 years	Nil	(i) less than 10 years	Nil
(ii) 5 years or more but less than 15 years	Rs. 1000 per annum	(ii) 10 years or more but less than 20 years	Rs. 1000 per annum
(iii) 15 years or more	Rs. 2500 per annum	(iii) 20 years or more	Rs. 2500 per annum

ANNEXURE V
(Para 186)

A. PROPOSED COMPOSITION TAX RATES FOR CINEMA THEATRES:

Sl. No.	Local Authority population of which	Present rate of tax	Proposed rate of tax
1.	does not exceed 25.000	10% of gross collection capacity	5% of gross collection capacity
2.	exceeds 25,000 but does not exceed 50,000	17.5% of gross collection capacity	10% of gross collection capacity
3.	exceeds 50,000 but does not exceed 75,000	25% of gross collection capacity	15% of gross collection capacity

B. PROPOSED SHOW TAX RATES FOR CINEMA THEATRES:

Sl. No.	Payment for admission to the highest class	Present rate of tax per show	Proposed rate of tax per show
(i)	**Regional language films:**		
(a)	**Non-composition theatres:**		
1.	does not exceed Rs. 5	Rs. 35	Rs. 18
2.	exceeds Rs. 5 but does not exceed Rs. 15	Rs. 60	Rs. 30
3.	exceed Rs. 15 but does not exceed Rs. 25	Rs. 75	Rs. 38
4.	exceeds Rs. 25	Rs. 95	Rs. 48

1	2	3	4
(b) Composition theatres in places with population not exceeding 75,000:			
1.	does not exceed Rs. 8	Rs. 25	Rs. 13
2.	exceeds Rs. 8 but does not exceed Rs. 15	Rs. 50	Rs. 25
3.	exceeds Rs. 15	Rs. 75	Rs. 38
(ii) Non-regional language films:			
(a) Non-composition theatres:			
1.	does not exceed Rs. 5	Rs. 85	Rs. 43
2.	exceeds Rs. 5 but does not exceed Rs. 15	Rs. 110	Rs. 55
3.	exceeds Rs. 15 but does not exceeds Rs. 25	Rs. 135	Rs. 68
4.	exceeds Rs. 25	Rs. 235	Rs. 118
(b) Composition theatres in places with population not exceeding 75,000:			
1.	does not exceed Rs. 8	Rs. 80	Rs. 40
2.	exceeds Rs. 8 but does not exceed Rs. 15	Rs.90	Rs. 45
3.	exceeds Rs. 15	Rs. 100	Rs. 50

ANNEXURE 6
(Para 198)

Sl.No.	Existing Fee on Encumbrance Certificate	Proposed Fee on Encumbrance Certificate for Agricultural purpose
1.	The fee payable for a general search for an inspection of any number of entries or documents relating to one and the same property or executed by or in favour of one and the same individual: 1. for the first year in the books of which search is made Rs. 30/- 2. for every other year in the books of which search is continued Rs. 10/-.	The fee payable for a general search for an inspection of any number of entries or documents relating to one and the same property or executed by or in favour of one and the same individual: 1. for the first year in the books of which search is made Rs. 30/- 2. for every other year in the books of which search is continued Rs. 10/-. **Subject to a maximum of Rs. 50/-**

ANNEXURE-7
(Para 200)
Part A.(See Sections 3(1))

Sl. No.	Item No.	Class of Vehicles	Existing Rate per Quarter	Item	Class of Vehicle	Rate per Quarter
1.	3A	Multi-axled goods carrier other than articulated vehicles for which tax levied under item 10 of Part A schedule having weight laden exceeding 15,000 kgs,	2100-00 plus for every 250 kgs. or part thereof in excess of 15,000- kgs. Rs. 50/-	3A	Multi-axled goods carrier other than articulated vehicles for which tax levied under item 10 of Part A schedule having weight laden exceeding 15,000 kgs,	2200 plus for every 250 kgs. or part thereof in excess of 15,000- kgs. Rs. 75/-
2.	6	Motor Vehicle (Luxury buses) plying for hire or reward constructed or adapted to carry more than 12 passengers (excluding Driver and Conductor/ Attendant) and complying with Rule 128 of Central Motor Vehicles Rules 1989 or Motor Vehicles with permits granted under the	6a		Item 6 shall be read as 6a	

1	2	3	4	5	6	7
		Motor Vehicles (All India Permit for Tourist Transport Operators) Rules 1993/95 plying for hire or reward permitted to carry more than twelve passengers (excluding Driver and Conductor or Attendant) for every passenger.	2000			
				6b	Air conditioned Integral/Monocoque Motor vehicles having 160 HP and above and complying Rule 128 of Central Motor Vehicles Rules 1989 or the Motor Vehicles (All India Permit for Tourist Transport Operators) Rules 1993/95 and covered by All India permits issued u/s 88(9) of M.V. Act, 1988 and plying for hire or reward permitted to carry more than twelve passengers (excluding Driver and Conductor/Attendant) for every passenger.	1500-00

1	2	3	4	5	6	7
3.	10	Motor Vehicle not themselves constructed to carry any load (other than water, fuel, accumulators and other equipments used for the purpose of propulsion of loose tools and loose equipments) used for haulage solely and weighing together with the largest no. of trailers proposed to be drawn in weight laden		10	Motor Vehicle not themselves constructed to carry any load (other than water, fuel, accumulators and other equipments used for the purpose of propulsion of loose tools and loose equipments) used for haulage solely and weighing together with the largest no. of trailers proposed to be drawn in weight laden	
		(f) exceeding 12,000 kgs. but not exceeding 15000 kgs.	2200-00		(f) exceeding 12,000 kgs. but not exceeding 15000 kgs.	2300-00
		(g) exceeding 15000 kgs.	2200-00 plus Rs. 35/- for every 250 kgs. or part thereof in excess of 15,000 kgs.		(g) exceeding 15000 kgs.	2300-00 plus Rs. 75/- for every 250 kgs. or part thereof in excess of 15,000 kgs.

Part A 1
EXISTING LIFE TIME TAX FOR TWO WHEELERS

Item No.	Class of Vehicles	Vehicles not exceeding 75 CC	Vehicles exceeding 75 CC but not 300 CC Rs.	Vehicles exceeding 300 cc or Motor Cycles attached with side car or trailer Rs.
1	2	3	4	5
A.	At the time of Registration of New Vehicles:-	1100-00 or Seven percent of the cost of the vehicle whichever is higher	2500-00 or Sever Percent of the cost of the vehicle whichever is higher	3500-00 or Seven percent of the cost of the vehicle whichever is higher
B.	If the vehicle is already registered and its age from the month of Registration is:-			
I)	Not more than 2 years	1055-00	2400-00	3360-00
II)	More than 2 years but not more than 3 years	1010-00	2300-00	3220-00
III)	More than 3 years but not more than 4 years	965-00	2200-00	3080-00

1	2	3	4	5
IV)	More than 4 years but not more than 5 years	920-00	2100-00	2940-00
V)	More than 5 years but not more than 6 years	875-00	2000-00	2800-00
VI)	More than 6 years but not more than 7 years	830-00	1900-00	2660-00
VII)	More than 7 years but not more than 8 years	785-00	1800-00	2520-00
VIII)	More than 8 years but not more than 9 years	740-00	1700-00	2380-00
IX)	More than 9 years but not more than 10 years	695-00	1600-00	2240-00
X)	More than 10 years but not more than 11 years	650-00	1500-00	2100-00
XI)	More than 11 years but not more than 12 years	605-00	1400-00	1960-00
XII)	More than 12 years but not more than 13 years	560-00	1300-00	1820-00
XIII)	More than 13 years but not more than 14 years	515-00	1200-00	1680-00
XIV)	More than 14 years but not more than 15 years	470-00	1100-00	1540-00
XV)	More than 15 years	425-00	1000-00	1400-00

1. In respect of vehicles for which lifetime tax was due prior to the first Day of April, 2001, but has not been paid, such tax shall be collected at the rates existing prior to the first day of April 2001.

2. The rates specified in this part shall not apply to vehicles owned by Central Government employees or defence personnel.

PROPOSED LIFE TIME TAX FOR TWO WHEELERS-PART A1

Item No.	Class of Vehicles	Vehicles not exceeding 75 CC whose cost does not exceed Rs. 50,000	Vehicles exceeding 75 cc but not 300 cc whose cost does not exceed Rs. 50,000	Vehicles exceeding 300 cc or Motor Cycles attached with side car or trailer whose cost does not exceed Rs. 50,000	Motor cycles cost of which exceeds Rs. 50,000
1	2	3	4	5	6
A.	At the time of Registration of New Vehicles:-	7 percent of Cost of the Vehicle	7 percent of Cost of the Vehicle	7 percent of Cost of the Vehicle	9 percent of Cost of the Vehicle
B.	If the vehicle is already registered and its age from the month of Registration is:-	Percentage of the lifetime tax levied under Clause A	Percentage of the life time tax levied under Clause A	Percentage of the lifetime tax levied under Clause A	Percentage of the lifetime tax levied under Clause A
I)	Not more than 2 years	93%	93%	93%	93%
II)	More than 2 years but not more than 3 years	87%	87%	87%	87%
III)	More than 3 years but not more then 4 years	81%	81%	81%	81%

1	2	3	4	5	6
IV)	More than 4 years but not more than 5 years	75%	75%	75%	75%
V)	More than 5 years but not more than 6 years	69%	69%	69%	69%
VI)	More than 6 years but not more than 7 years	64%	64%	64%	64%
VII)	More than 7 years but not more than 8 years	59%	59%	59%	59%
VIII)	More than 8 years but not more than 9 years	54%	54%	54%	54%
IX)	More than 9 years but not more than 10 years	49%	49%	49%	49%
X)	More than 10 years but not more than 11 years	45%	45%	45%	45%
XI)	More than 11 years but not more than 12 years	41%	41%	41%	41%
XII)	More than 12 years but not more than 13 years	37%	37%	37%	37%
XIII)	More than 13 years but not more than 14 years	33%	33%	33%	33%

1	2	3	4	5	6
XIV)	More than 14 years but not more than 15 years	29%	29%	29%	29%
XV)	More than 15 years	25%	25%	25%	25%

Note:

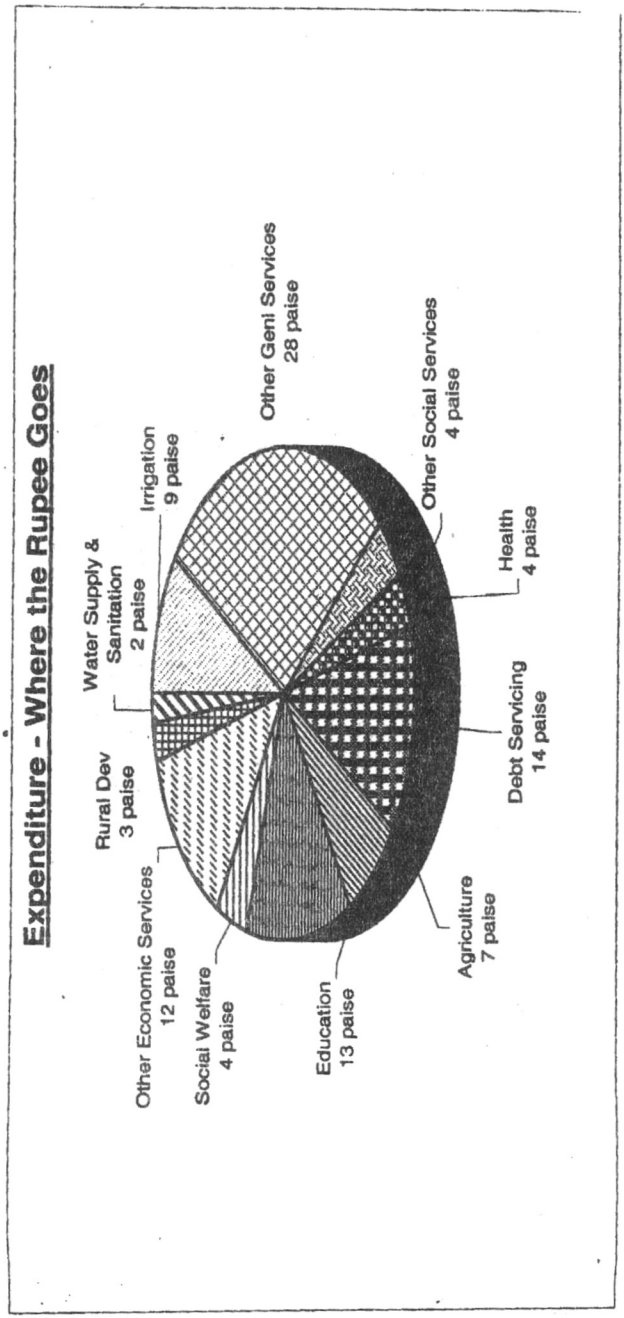
1. In respect of vehicles for which lifetime tax was due prior to the 1st Day of April, 2005, but has not been paid, such tax shall be collected at the rates prevailing prior to such day along with the penalty due, if any.

2. In case of motor vehicles registered in other States prior to the 1st day of April, 2005 and migrated to the State of Karnataka after that day, tax shall be levied as per Part-A1 as existed prior to such day.

3. Purchase invoice for the levy of tax under this part shall be produced in respect of vehicles which are registered on or after 1st day of April, 2005.

Sl. No.	Item No.	Class of Vehicles	Existing Rate per Quarter	Item	Class of Vehicle	Rate per Quarter
1	2	3	4	5	6	7
5	A4	Lifetime tax for three wheelers including Autorickshaw carrying passenger or goods not exceeding 1500 kgs. in weight laden either used for hire or reward or not.	As in Force	A4	Life time tax for three wheeler Autorickshaw carrying passenger (3+1) and goods carrier having Gross vehicle weight not exceeding 1500 kgs. either used for hire or reward or not.	As in Force

Receipts - How the Rupee Comes
Grants from Central Govt. 8 paise
State Non-Tax Revenue 11 paise
Share of Central Taxes 10 paise
Public Account (Net) 2 paise
Borrowings 17 paise
State Tax Revenue 52 paise


Expenditure - Where the Rupee Goes
Other Genl Services
28 paise
Other Social Services
4 paise
Health
4 paise
Debt Servicing
14 paise
Agriculture
7 paise
Education
13 paise
Social Welfare
4 paise
Other Economic Services
12 paise
Rural Dev
3 paise
Water Supply &
Sanitation
2 paise
Irrigation
9 paise

Break-up of State's Own Tax 2005-06 (BE)
(Rs.in crores)
Others, 386.08, 2.07%
Stamps & Registration, 2180.00, 11.67%
Motor Vehicles, 1118.00, 5.98%
State Excise, 2997.72, 16.05%
Commercial Taxes, 11998.36, 64.23%

Sectoral Outlay Plan 2005-06 (Rs. in crores)
Rural Dev.; 611.30; 4.51%
Agri & Allied Activities; 857.52; 6.33%
Irrgn & Flood Control; 3942.41; 29.08%
Industry & Minerals; 143.18; 1.06%
Water Supply & San.; 621.50; 4.59%
Housing & Urban Dev; 1266.13; 9.34%
Edn, Sports, Arts & Culture; 1012.01; 7.47%
Transport; 1629.94; 12.02%
Health & Family Welfare; 332.39; 2.45%
Energy; 1853.92; 13.68%
Others; 1284.70; 9.48%